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C O N F I D E N T I A L MANILA 005800

SIPDIS

STATE FOR EAP/MTS, EB/TPP
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TAGS: [ETRD](#) [EAGR](#) [ECON](#) [RP](#) [WTRO](#)

SUBJECT: MIXED SIGNALS FROM MANILA ON WTO DOHA ROUND

REF: A. A) STATE 207068

[B. B\)](#) 211956

[C. C\)](#) MANILA 05505

Classified By: ECON COUNSELOR ROBERT LUDAN FOR REASONS 1.4 (B) and (D)

[11.](#) (C) SUMMARY. President Arroyo expressed unequivocal support December 9 for the US position at this week's WTO ministerial meeting in Hong Kon (septel), but other senior GRP officials have told us that the Philippines will "wait and see" before taking a position. We would welcome feedback on Philippine negotiators' position at Hong Kong. Public skepticism continues here regarding the benefits of a successful Doha Round. The GRP and farmer organizations continue to put forth the argument that developed country subsidies are the root cause of Filipino farmers, difficulties. END SUMMARY.

[12.](#) (C) Despite a pledge December 9 by President Arroyo of unequivocal support for the US proposal on trade liberalization and agricultural subsidies with respect to this week's WTO Ministerial meeting and the Doha Round (septel), Thomas Aquino, Senior Undersecretary at the Department of Trade and Industry (DTI) and a key member of the GRP's WTO delegation, told Econ Counselor on December 9 that the GRP plans to wait and see how things play out between the United States and the European Union. If the two cannot agree, that will essentially set the tone for the meeting, he noted. Aquino said that the Philippines is not a major player in global markets, so the GRP expects the US and the EU to find a consensus, then developing nations such as the RP "will have something to look at."

[13.](#) (U) Aquino noted that the GRP cannot go beyond its most recent services offer due to constitutional limitations; the 1986 Constitution reserves several sectors and professions for Filipinos, including many in the service industries. On Non-Agricultural Market Access (NAMA), the GRP's general position remains unchanged from previous WTO Doha meetings, which is essentially against any further moves to reduce tariffs, Aquino confirmed.

[14.](#) (SBU) Undersecretary of Agriculture for Policy and Planning at the Department of Agriculture Segfredo Serrano told AgCounselor recently that the EU proposal cannot be evaluated solely on the market access pillar alone, as the overall proposal has "fundamental problems." He added that bludgeoning the EU in Hong Kong would be counterproductive, comparing such an approach to attacking the U.S. domestic support proposal as "disingenuous." With respect to geographical indications, Serrano said he agrees with the U.S. position, considering GI not to be a mandate of the agricultural negotiations; rather, GI should be handled under the TRIPS agreement discussions. GRP officials also indicated suspicion of US/EU intentions vis-a-vis the various support boxes, i.e., concern that domestic support in the US/EU will change very little because current programs will just be moved from amber to blue and/or even green box policies, or the criteria for those support programs may be changed.

COMMENT

[15.](#) (SBU) Unless President Arroyo produces a turnaround, we expect the GRP to continue its cautious approach and to hide in the background and seek cover through its membership in various groups such as the G-20, G-33, and Cairns Group. Since each group has disparate positions on the issues, the GRP seems to be picking and choosing which positions it will support, despite President Arroyo's show of support. The GRP is unwilling to press the EU like fellow Cairns Group members Australia and Canada because it wants to enjoy the greater market access sought by developing countries; joining Australia and Canada would be contrary to this goal. The GRP seems to want a successful conclusion to the Doha Round, but is not willing to assume any leadership to bring it about.

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